

Memorandum for the Log

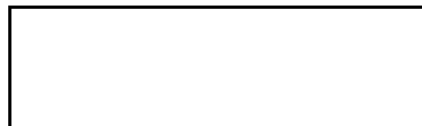
20 September 1951

Conference with members of Planning and Field Audit Branch and of Contracts Branch concerning the tentative refusal of Engineering Research Associates to provide to our auditors information concerning the ownership, organization, and operation of the company. Admiral Goggins and another representative of ERA called at the Procurement Office recently to state that the company did not wish to provide the information, since it was not necessary to the audit of the Agency's contracts with ERA. (The principal contract involved is (RD)XG-578, a c.p.f.f. contract.)

The members of the Audit Branch stated that the type of information sought is in line with usual government practice and is necessary to a proper interpretation of the company's accounts and for the protection of the Agency in doing business with ERA.

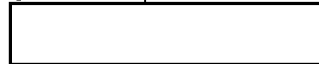
It was agreed by all present that this type of information should be obtained and incorporated in an accounting system survey, prepared before the cost reimbursement contract is executed with the contractor. However, our Field Audit Branch has been only recently formed. In the case of this particular contract with ERA, it is doubtful that the contractor has a legal obligation to provide all the information requested. However, the Agency may hesitate to award him future cost-type contracts without the information sought, and he should know this.

It was decided to mail the contractor a written request to provide the information in question, as in accordance with standard Government practice and necessary for the proper evaluation of accounts under this contract and as a basis for future dealings with the contractor.



STAT

*but not read by*



STAT